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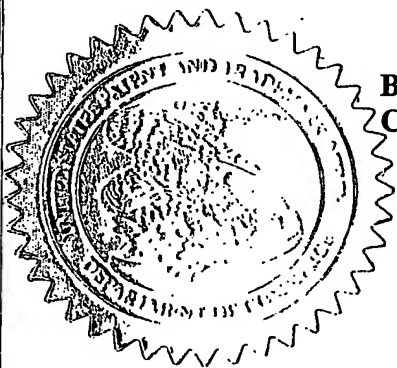
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**APPLICATION NUMBER: 60/460,307**

**FILING DATE: April 05, 2003**

**RELATED PCT APPLICATION NUMBER: PCT/US04/07707**



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**PROVISIONAL APPLICATION FOR PATENT COVER SHEET**

This is a request for filing a PROVISIONAL APPLICATION FOR PATENT under 37 CFR 1.53(c).

Express Mail Label No. **EU860696660US**

PTO  
60/460307  
04/05/03

INVENTOR(S)					
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<input type="checkbox"/> Additional inventors are being named on the _____ separately numbered sheets attached hereto.					
TITLE OF THE INVENTION (600 characters max)					
System and Method for Using Intellectual Property to generate Revenue					
Direct all correspondence to: CORRESPONDENCE ADDRESS					
<input type="checkbox"/> Customer Number		Type Customer Number here		Place Customer Number Barcode Label here	
OR					
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ENCLOSED APPLICATION PARTS (check all that apply)					
<input checked="" type="checkbox"/> Specification Number of Pages		14	<input type="checkbox"/> CD(s) Number		
<input checked="" type="checkbox"/> Drawing(s) Number of Sheets		2	<input type="checkbox"/> Other (specify)		
<input type="checkbox"/> Application Data Sheet See 37 CFR 1.78					
METHOD OF PAYMENT OF FILING FEES FOR THIS PROVISIONAL APPLICATION FOR PATENT					
<input checked="" type="checkbox"/> Applicant claims small entity status See 37 CFR 1.27				FILING FEE AMOUNT (\$)	
<input checked="" type="checkbox"/> A check or money order is enclosed to cover the filing fees				80.00	
<input type="checkbox"/> The Commissioner is hereby authorized to charge filing fees or credit any overpayment to Deposit Account Number					
<input type="checkbox"/> Payment by credit card Form PTO-2038 is attached					
The invention was made by an agency of the United States Government or under a contract with an agency of the United States Government:					
<input checked="" type="checkbox"/> No					
<input type="checkbox"/> Yes, the name of the U.S. Government agency and the Government contract number are:					

Respectfully submitted  
SIGNATURE *James A. D. Gray*  
TYPED or PRINTED NAME James A. D. Gray  
TELEPHONE 732-560-0126

Date 04-07-03  
REGISTRATION NO. \_\_\_\_\_  
(if appropriate)  
Docket Number: \_\_\_\_\_

**USE ONLY FOR FILING A PROVISIONAL APPLICATION FOR PATENT**

This collection of information is required by 37 CFR 1.51. The information is used by the public to file (and by the PTO to process) a provisional application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.14. This collection is estimated to take 8 hours to complete, including gathering, preparing, and submitting the complete provisional application to the PTO. Time will vary depending upon the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, U.S. Department of Commerce, Washington, D.C. 20231. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Box Provisional Application, Assistant Commissioner for Patents, Washington, D.C. 20231.

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Number 2 of 2

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# FEE TRANSMITTAL for FY 2003

Effective 01/01/2003, Patent fees are subject to annual revision.

☒ Applicant claims small-entity status. See 37 CFR 1.27.

TOTAL AMOUNT OF PAYMENT (\$)**80.00**

## Complete if Known

Application Number

Filing Date

First Named Inventor

Examiner Name

Art Unit

Attorney Docket No.

## METHOD OF PAYMENT (check all that apply)

☒ Check ☐ Credit Card ☐ Money Order ☐ Other ☐ Note

Deposit Account:  
Deposit Account Number  
Deposit Account Name

The Commissioner is authorized to: (check all that apply)

☐ Charge fee(s) indicated below ☐ Credit any overpayments

☐ Charge any additional fee(s) during the pendency of this application

☐ Charge fee(s) indicated below, except for the filing fee to this above-identified deposit account.

## FEE CALCULATION

### 1. BASIC FILING FEE

Large Entity Small Entity

Fee Code (\$)	Fee Code (\$)	Fee Description	Fee Paid
1001 750	2001 375	Utility filing fee	
1002 330	2002 165	Design filing fee	
1003 520	2003 260	Plant filing fee	
1004 750	2004 375	Reissue filing fee	
1005 160	2005 80	Provisional filing fee	<b>80</b>

SUBTOTAL (1) (\$)**80.00**

### 2. EXTRA CLAIM FEES FOR UTILITY AND REISSUE

Total Claims	Extra Claims	Fee from below	Fee Paid
Independent Claims	20**	X	
Multiple Dependent	2**	X	

Large Entity Fee Code (\$)	Small Entity Fee Code (\$)	Fee Description
1202 18	2202 9	Claims in excess of 20
1201 84	2201 42	Independent claims in excess of 3
1203 280	2203 140	Multiple dependent claim, if not paid
1204 84	2204 42	Reissue independent claims over original patent
1205 18	2205 9	Reissue claims in excess of 20 and over original patent

SUBTOTAL (2) (\$)

\*\*or number previously paid, if greater. For Reissues, see above.

## FEE CALCULATION (continued)

### 3. ADDITIONAL FEES

Large Entity Small Entity

Fee Code (\$)	Fee Code (\$)	Fee Description
1051 130	2051 65	Surcharge - late filing fee or oath
1052 50	2052 25	Surcharge - late provisional filing fee or cover sheet
1053 130	2053 65	Non-English specification
1842 2,520	2842 1,260	For filing a request for ex parte reexamination
1804 920	2804 460	Requesting publication of SIR prior to Examiner action
1805 1,840	2805 920	Requesting publication of SIR after Examiner action
1251 110	2251 55	Extension for reply within first month
1252 410	2252 205	Extension for reply within second month
1253 930	2253 465	Extension for reply within third month
1254 1,450	2254 725	Extension for reply within fourth month
1255 1,970	2255 985	Extension for reply within fifth month
1401 320	2401 160	Notice of Appeal
1402 320	2402 160	Filing a brief in support of an appeal
1403 280	2403 140	Request for oral hearing
1451 1,510	2451 755	Petition to institute a public use proceeding
1452 110	2452 55	Petition to revive - unavoidable
1453 1,300	2453 650	Petition to revive - unintentional
1501 1,300	2501 650	Utility issue fee (or reissue)
1502 470	2502 235	Design issue fee
1503 630	2503 315	Plant issue fee
1807 50	2807 25	Payments to the Commissioner
1807 50	2807 25	Processing fee under 37 CFR 1.17(q)
1808 160	2808 80	Submission of Information Disclosure Stmt
8021 40	28021 20	Recording each patent assignment per property (times number of properties)
1809 750	2809 375	Filing a submission after final rejection (37 CFR 1.129(a))
1810 750	2810 375	For each additional invention to be examined (37 CFR 1.129(b))
1801 750	2801 375	Request for Continued Examination (RCE)
1802 900	2802 450	Request for expedited examination of a design application

Other fee (specify):

\*Reduced by Basic Filing Fee Paid.

SUBTOTAL (3) (\$)

## SUBMITTED BY

Name (Print/Type) **James A. DiGiorgio**  
Signature **[Signature]**

Registration No. (Attorney/Agent)

(Complete if applicable)

Telephone **732-560-0126**  
Date **4-4-03**

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## FIELD OF THE INVENTION

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This invention relates generally to a system and method for generating revenue and, more particularly, to a system and method for using Intellectual Property to generate revenue.

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## BACKGROUND OF THE INVENTION

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A decade ago most of the value of a public company was attributed to its tangible assets. Now, however, the market has increasingly demonstrated that most of a company's value comes from its intangible assets such as technology and other intellectual property ("IP"). Today, IP has been estimated to comprise 70% of the value of many companies in the United States. In addition to its value as an asset, IP is increasingly being used to generate a substantial stream of revenue, or income, for present-day companies. The companies generate most of the revenue by licensing their IP (e.g., patents, trademarks, and technology) to third-party infringers.

IP licensing is big business in today's economy. In recent years, the IP licensing industry has grown at twice the annual rate of the economy. In 1999 alone, it has been estimated that over \$100 billion in annual patent licensing royalties were paid. This amount is expected to grow to over \$200 billion by the end of this decade. As a result, the IP licensing business has become of great interest to those possessing valuable IP as well as those in the investment community.

Today, many different entities, both small and large, and individual inventors ("IP Owners") own valuable IP. For many reasons, however, many IP Owners fail to reap the financial value of their IP through licensing. One reason is that the tasks involved in effectively licensing IP to third parties is costly, involves a huge investment in time, and is unpredictable, i.e. there is no guarantee that licensing efforts will result in royalty income. The tasks involved in licensing IP include identifying infringing parties, gathering proof of the infringement, performing reverse-engineering analysis, performing assertions (a formal process of reading a patent claim on a particular product to show infringement), and executing an agreement with the infringing party. Many IP Owners do not have the resources (i.e. money, time or expertise) to perform the required tasks or are not willing to take a chance on such an unpredictable business. Simply put, many IP Owners have to choose to either forego a substantial portion of the royalty stream that may be derived from their IP or risk millions of dollars to assert their IP rights with no guarantee of success. Particularly in a down economy, many IP Owners simply choose to take no action and forego the potential royalty income.

Today, however, there are some businesses that attempt to provide IP owners with a low-cost or so-called contingency solution to exploit their IP. Such businesses promise to perform all the tasks associated with licensing IP, including the above-described tasks, in return for only a percentage of the royalty revenues paid by each licensee. Thus, the cost of the services is contingent on the success of the licensing effort. That is, the IP owner is not required to pay anything for the licensing efforts unless and until royalty revenue is generated. The present inventors expect that such a contingency solution may be attractive to some IP Owners because it enables them to take a chance in the licensing business without having to take the risks and incur the costs described above.

The contingency solution, however, is disadvantageous for many IP Owners. It provides an IP Owner with a share of the royalty stream derived from licensing their own IP only, and it fails to provide the IP Owner with a means for defending against non-litigation infringement claims by third parties. In addition, the contingency solution is not attractive to IP Owners having a desire to team up with other IP owners to form a larger portfolio that generates a greater amount of royalty revenue that can be shared by the team of IP Owners. Further, the contingency solution does not provide IP Owners with a means for participating in the overall success of the business entity providing the contingency services. That is, if the business is successful in generating licensing revenue for one its IP Owner clients, another IP Owner client has no means to participate in that success. As a result, one IP Owner may find itself competing with other IP Owners for the full attention and service of the contingency business.

Such contingency businesses have other limitations. One big limitation is that the value of a contingency business is limited to the royalty income it derives for its clients. The business never actually acquires or develops any assets that have actual value. As a result, the contingency business model may not be attractive to those looking to invest in an IP licensing business, thereby limiting the ability of the business to raise cash or go public.

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## SUMMARY OF THE INVENTION

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The present inventors have designed a system and method for enabling IP Owners to generate revenue using their intellectual property without having to pay the high costs of developing a valuable portfolio of IP assets, without having to pay the costs associated with unpredictable licensing activities, and without the drawbacks of the contingency solution described above. To do this, the present inventors propose to form a business entity that engages in the business of acquiring IP assets from IP Owners using various methods including license, purchase, technology transfer, joint venture, alliance, and many others. The acquired IP assets, or IP Portfolio, may include, but are not limited to, full ownership rights, partial ownership rights, licensing rights, and exclusive rights in the

acquired IP. The IP Portfolio will therefore have a value as an asset of the business entity, and provide the ability to generate revenue for the business entity.

In accordance with the principles of the present invention, the business entity will engage in activities designed to generate revenue using the acquired IP. Such activities include, but are not limited to, licensing the acquired IP assets to third parties to generate royalty revenue, and franchising the acquired IP assets to third parties to generate franchising fees and/or a stream of income.

In accordance with the principles of the present invention, the business entity may share the fees, royalty revenue and income generated from licensing or franchising particular IP with the IP Owner from which the IP was acquired, but without the IP Owner having to pay the business entity's costs associated with the licensing and/or franchising activities. In this way, the business entity provides an IP Owner with the ability to test the licensing and/or franchising value of its IP and receive a share in the generated income, without having to bear the costs associated with such activities.

The business entity may generate funding for the IP acquisition and licensing activities by various methods including self-funding by the founders of the business entity, and selling ownership interests to Investors. The Investors may include non-IP Owners having a desire to invest cash in an IP licensing business for a return on investment ("IP Investors"), and IP Owners having a desire to invest cash and/or IP assets in the business entity ("IP Owner/ Investors") in return for the benefits of being an owner of a large diverse portfolio of IP assets. Such benefits include, but are not limited to, defensive protection and the ability to generate revenue from the licensing of IP assets owned or developed by other IP Owners. Thus, in addition to providing an IP Owner with a share of the royalty revenue generated from licensing its particular IP, the business entity will share the licensing revenue it receives from all its licensing activities with the Investors, i.e. the IP Investors and the IP Owner/Investors.

In a particular embodiment of the invention, the business entity may be an investment trust. The investment trust may be referred to as an intellectual property investment trust, or IP Trust, in that it engages in the business of acquiring IP assets. The IP assets acquired by the IP Trust may include licensing rights and ownership rights in IP from a plurality of IP Owners. The acquired IP may include patents relating to a plurality of different technologies (e.g. optics, data networking, wireless systems and devices, etc.), trademarks, software, technology, and many others. The resulting IP Trust is therefore diverse both in terms of the type of IP it owns, and the in terms of the breadth of technology covered by the IP. The IP trust may be designed, in accordance with the present invention, to provide an IP Owner/Investor with the option to use their ownership interest in the IP Trust as collateral to defend against non-litigation third party claims. For example, if a third party makes an infringement claim against an IP Owner/Investor, the IP Trust will intercede, if requested by the IP Owner/Investor, and offer at least a portion of the IP Owner/Investor's interest in the IP Trust as settlement for the claim. If

the settlement offer is accepted, the third party will then own an interest in the IP Trust and get the Investor benefits described above.

These and other features of the invention will become more apparent from the detailed description of illustrative embodiments of the invention when taken with the drawings. The scope of the invention, however, is limited only by the claims.

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### BRIEF DESCRIPTION OF THE DRAWINGS

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Figure 1 shows a block diagram of an illustrative embodiment of a system in accordance with the principles of the present invention.

Figure 2 shows a flow diagram of a method for generating revenue in accordance with the principles of the present invention.



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## DETAILED DESCRIPTION

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Referring now to Figure 1, there is shown an illustrative embodiment of a system 10 in accordance with the present invention. As shown, system 10 is composed of a business entity 11 that is owned by Investors 21. Investors 21 include IP Investors 22 and IP Owner/Investors 23, as defined above. Business entity 11 owns IP Portfolio 12. IP Portfolio 12 is composed of IP Assets 18, including patents 14, trademarks 15, copyrights 16, technology 17 and other IP 13 acquired from IP Owners 31. IP Owners 31 may be large corporations, small businesses, individual inventors, distressed companies, and other entities that own IP.

In operation, business entity 11 acquires IP Assets 18 from IP Owners 31 using various known acquisition methods such license, purchase, technology transfer, joint venture, alliance, and many others. The IP Assets 18 in IP Portfolio 12 include full ownership rights, partial ownership rights, licensing rights, franchising rights, and exclusive rights in particular IP. In acquiring IP Assets 18, business entity 11 will use IP valuation techniques to insure that each asset adds some value to IP Portfolio 12. The IP valuation techniques will identify IP having market value for a particular business or businesses, and IP having value for generating licensing revenue. There are many known IP valuation techniques that can be used to identify valuable IP. The resulting IP portfolio 12 will be an asset held by business entity 11, and provide the ability to generate revenue from activities such as licensing and franchising the IP Assets 18 to third parties.

The licensing activities include, but are not limited to, identifying parties that infringe on patents 14, gathering evidence of such infringement, performing an assertion against the infringing party, and negotiating and drafting a patent license agreement with the infringing party. The resulting patent license agreement may generate royalty revenue by requiring the licensee to pay for its sale, use or other activities regarding particular IP Assets 18. Depending on the particular license agreement, the payments may be in the form of a lump sum for a paid-up license, a periodic royalty fee depending on the volume or amount of sales, or some other type of payment for an amount that is a function of the sale, use or other activity licensed under the agreement.

The franchising activities include, but are not limited to, identifying un-exploited technology that may be useful in a particular industry but that has some barrier to market penetration, identifying parties that may be strategically positioned to foster market penetration but is not motivated to do so, offer such parties franchising rights to the technology with incentives to motivate their efforts in fostering market penetration, and executing franchise agreement that yield a franchising fee and/or a share in the revenue generated by the party that acquired the franchise rights.

Depending on the acquisition method and terms associated with particular IP acquired from a particular IP Owner 31, business entity 11 may share with the particular IP Owner

31 revenue it receives for franchising fees and/or royalty payments it receives from licensing or franchising the particular IP. In addition, depending on the ownership rights of a particular Investor 21, business entity 11 may share with the particular Investor 21 the franchising fees and/or royalty revenue it receives for franchising and/or licensing any of the IP Assets 18 in IP Portfolio 12.

In a particular embodiment of the present invention, business entity 11 may be an IP Trust, as defined above. Such an IP Trust will operate under similar principles as a professionally managed mutual fund or investment trust. It will be managed by a select team of skilled IP technology and licensing professionals that understand and have had great success in the business of IP. It will use various creative techniques, including optioning, strategic alliances, conditional grants, partnerships, joint ventures and other forms of technology transfer arrangements to build its IP Portfolio. And, as described above, it will employ a combination of cash, cross license, shares, royalties and other methods to compensate IP Owners 31. Simply put, an IP Trust in accordance with the present invention provides a low-cost method of acquiring valuable IP from various sources and converting the IP into royalty streams, franchising revenue, or into valuable products to optimize the return on investment ("ROI") for its Investors 21. By so doing, the IP Trust will essentially convert the legal departments, if any, of IP Owners 31 into profit centers and yield substantial shareholder value.

In a preferred embodiment, the IP Trust will be a professionally managed trust that acquires IP in select technologies from IP Owners 31 including distressed companies, small business and individual inventors. The trust will acquire the valuable IP using various technology transfer methods described herein, including licensing, acquisition, alliances and other means. The IP Trust will then structure various licensing and franchising programs to generate passive income from the acquired IP assets for its Investors 21. In short, such an IP Trust will bring together Investors 21 and IP Owners 31 to form a world-class portfolio of patents, trademarks and other technology. The acquired IP will be used to create income for both the IP Owners 31 and the Investors 21. Initially, the IP Trust can minimize securities issues by limiting investor participation only to those Investors 21 that also qualify as accredited investors. In the long-term, however, the IP Trust contemplates creating a registered offering or IPO that will provide small companies and individual investors with the unique opportunity to invest in the IP Trust. It will also allow IP Owner/Investors 23, e.g. those that contribute IP to the IP Trust, to exploit the value of their own IP while receiving the benefits of being part of the larger and more valuable IP Portfolio 12. This includes benefits such as obtaining a share of royalty income and franchising income based on the success of the entire portfolio, and obtaining defensive benefits.

The present inventors believe that a business entity in accordance with the present invention will prove to be attractive to IP Owners such as small businesses, individual inventors, failed telecoms, distressed companies and other companies that have valuable IP that is presently not being exploited for value such as licensing revenue or franchising revenue. Many of such IP Owners do not have the time or expertise to manage their IP

every day, to license their IP rights effectively for royalty income, to identify franchising opportunities, or to examine their IP assets for target businesses that either use or would want to use their IP.

Given the depressed economy, many companies need to develop extra profit centers to help drive long-term profitability and power future IPOs. Many companies have core business units experiencing increasing cost and price pressures. The future of these companies will depend on their ability to continue taking advantage of new opportunities. IP can create substantial licensing revenue for these companies with minimal risk and overhead. However, many companies do not know the value of their IP. Many companies have valuable IP that they are not now exploiting. This is not only a disservice to their shareholders, but also may constitute a breach of the fiduciary duties of officers and directors to prevent waste. A business entity in accordance with the present invention can also help these companies to properly exploit and develop their IP and produce a valuable portfolio and revenue stream for its shareholders.

Developing and preserving IP assets is an expensive, often complex process for many companies. In addition, to providing acquisition services, licensing services and valuation services, a business entity in accordance with the present invention may offer IP Owners with other services including defensive benefits. A valuable IP portfolio can act as a strong defensive tool to avoid litigation exposure to the IP assets of others. Many companies only learn this painful lesson when, after threat of suit, they are forced to pay millions to purchase a patent license. For example, companies with strong balance sheets and deep pockets have high risk of being subjected to patent infringement claims. The business entity of the present invention may provide certain IP Owner/Investors with use of at least a portion of its IP Portfolio to defend against third party claims. Simply put, the business entity can act as a form of insurance from infringement litigation for certain IP Owners.

One method of determining whether a particular target IP asset is desirable for acquisition is to: (1) identify the field of technology or the type of product in which the IP asset may be used (this can be done for example by simply reading the patent and consulting with a technical expert); (2) estimate of the size of the market for the identified technology or product (once the product type and/or field of technology is identified such market information is readily available from many sources); (3) make a list of companies that make the identified products or technology (this can be done, for example, by searching the web using specific search terms to identify articles, advertisements and press releases); (4) gather literature and information that describes the operation and features of the identified products made and/or sold by the identified companies (such information is often found at the company's web site); and (5) use an attorney that is familiar with the target IP to review the product literature with a technical expert familiar with the identified technology and products to determine the likelihood of use (this is a highly specialized practice that involves mapping the IP, e.g. a patent claim, against the functions and features of the identified product). In one embodiment, an IP asset having a high likelihood of use in an industry that has a large market should be identified as an IP asset that is desirable for acquisition.

Once acquired, the business entity may perform a more detailed evaluation (e.g. reverse engineering) of the products identified as having a high likelihood of use, determine whether there is actual use of the IP asset, gather the proof of use, and present that proof to the infringing party in an effort to generate royalty income.

In general, once IP has been selected for acquisition, the business entity will select the best method of assertion, identify targets and set up the suitable value and pricing strategy for the licenses. As shown below, valuation and pricing will depend largely on the nature of the license, quality of the available information on sales, cost and profitability of the potential licensees, and established royalty rates charged by others in the industry for similar IP.

The business entity of the present invention may use various licensing models for its IP, including fixed sum, fixed percent, variable percent or sum, or a combination of these methods. To produce royalty revenue at minimal expense, the business entity will conduct all licensing negotiations but may partner with one or two premier law firms to aid in any required litigation on a fixed-fee basis. In addition, the business entity will consider selling any right to sue to a third-party law firm or company to generate additional revenue for its investors.

In one embodiment of the present invention, the business entity will operate in the form of a limited partnership. The limited partnership will be operated and managed by a managing partner. The limited partnership structure will ensure privacy and allow for maximum flexibility in creating IP Portfolio that produces passive royalty income streams for the limited partners, IP Investors and IP Owner/Investors. Following an IPO or registered offering, the limited partnership will serve as an investment vehicle for small investors. The Managing Entity will be operated by a multidisciplinary team composed of IP professionals that will be responsible for both acquiring and developing an IP Portfolio and the generation of licensing income from those assets. The Managing Entity will own an interest in the limited partnership and shall be paid an annual management fee.

The Managing Entity may appoint a board of advisors (the "Advisory Board") made up of representatives of IP Owner/Investors and IP Investors and consisting of at least seven members. The Advisory Board can help the limited partnership in the identification, acquisition, supervision and management of the IP portfolio in key areas of technology. The Managing Entity also may form a licensing committee (the "Licensing Committee") consisting of persons selected by it to consult with, and make recommendations to the Managing Entity regarding the selection of potential licensees, market analysis and the valuation and pricing of IP Assets 18.

Finally, the Managing Entity may form a strategic advisory committee (the "Strategic Advisory Committee") consisting of between 5 and 7 members. The Strategic Advisory Committee may, for example, be composed of senior representatives or leaders from the United States and international technology sectors and the scientific community, including senior technology or marketing (business) figures recommended by the IP Owners/Investors and IP Investors. The Managing Entity may consult with the Strategic Advisory Committee on matters concerning market directions, strategic IP business

decisions, technology and technical aspects of the IP Portfolio and related issues. The members of the Strategic Advisory Committee can be selected by the Managing Entity.

Referring now to Figure 2 there is shown a flow diagram of a method 40 for generating revenue in accordance with the principles of the present invention. As shown, method 40 begins with the step 41 of forming a business entity. The business entity may be, for example, an investment trust. Next, at step 42, ownership interest in the business entity is sold to a set of investors. Step 43 then requires that a set of intellectual property assets is acquired from a set of intellectual property owners to form an IP portfolio that is owned by the business entity. Then, at Step 44, the business entity performs licensing activities to generate royalty revenue for the business entity. Finally, step 45 requires that the business entity share at least a portion of the generated income with the investors and the intellectual property owners, without the intellectual property owners having to pay for the costs associated with the activities involved in generating the royalty revenue from the intellectual property assets.

In this way, method 40 provides a way for intellectual property owners to test the value of and generate income from their IP without having to use their own money. At the same time, the method provides a way for the business entity to not only generate royalty revenue but to inexpensively and quickly build (without having take the time and incur the costs associated with developing their own IP) a valuable intellectual property assets that can be used to attract investors in the business entity. In addition, the method provides the investors with an investment that provides a stream of royalty revenue and ownership of a valuable portfolio of intellectual property assets.

While the invention has been particularly shown and described with reference to various embodiments, it will be recognized by those skilled in the art that modifications and changes may be made to the present invention without departing from the spirit and scope thereof. As a result, the invention in its broader aspects is not limited to specific details shown and described herein. Various modifications may be made without departing from the spirit or scope of the general inventive concept as defined by the appended claims.

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### *Claims*

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What is claimed is:

1. A system for generating revenue, the system comprising:  
a business entity, said business entity being owned by a set of investors, said business entity being operable to engage in acquisition activities to acquire a set of intellectual property assets from a plurality of intellectual property

(9)

owners, said set of intellectual property assets being owned by said business entity,

said business entity being operable to engage in activities for using said intellectual property assets to generate revenue, said activities including at least one of licensing activities and franchising activities; and

said business entity being operable to use said royalty revenue to provide a return on investment for said investors and to provide income for at least one of said intellectual property owners.

2. The system of claim 1 wherein said business entity is operable to use said revenue to provide income for said at least one intellectual property owner, but without said intellectual property owner having to pay said business entity for any costs associated with performing said activities.
3. The system of claim 2 wherein said set of intellectual property assets comprises particular rights in particular intellectual property assets.
4. The system of claim 3 wherein said particular rights include licensing rights, exclusive rights, ownership rights, and franchising rights.
5. The system of claim 4 wherein said acquisition activities comprises at least one activity selected from the group consisting of technology transfer, purchase, license, joint venture and alliance.
6. The system of claim 5 wherein said set of investors comprises cash investors that are not intellectual property owners.
7. The system of claim 6 wherein said set of investors further comprises intellectual property owners.
8. The system of claim 1 wherein said business entity is an investment trust.
9. The system of claim 1 wherein said business entity is a limited partnership
10. The system of claim 1 wherein said set of intellectual property assets comprises at least one patent.
11. The system of claim 10 wherein said set of intellectual property assets further comprises at least one other type of intellectual property asset.
12. The system of claim 11 wherein said at least one other type of intellectual property asset is selected from the group consisting of trademarks, copyrights, technology, and software.

(10)

13. The system of claim 1 wherein said set of intellectual property owners comprises individual inventors.
14. The system of claim 13 wherein said set of intellectual property owners further comprises distressed businesses.
15. The system of claim 14 wherein said set of intellectual property owners further comprises corporations.
16. The system of claim 15 wherein said licensing activities comprises patent valuation activities.
17. The system of claim 16 wherein said licensing activities further comprises patent assertion activities.
18. A method of using intellectual property to generate licensing revenue, said method comprising the steps of:
  - a. forming a business entity;
  - b. selling an interest in said business entity to at least one investor;
  - c. acquiring a set of intellectual property assets from a set of intellectual property owners to form an IP portfolio, said IP portfolio being owned by said business entity;
  - d. performing activities designed to generate revenue for said business entity using said set of acquired intellectual property assets, said activities comprising at least one of licensing activities and franchising activities; and
  - e. sharing at least a portion of said generated revenue with said at least one investor and at least one of said set of intellectual property owners.
19. The method of claim 18 wherein said business entity is an investment trust.
20. The method of claim 19 wherein said interest in said investment trust is a limited partnership interest.
21. The method of claim 20 wherein said set of intellectual property assets includes at least one patent.
22. The method of claim 21 wherein said set of intellectual property assets further includes at least one intellectual property asset selected from the group comprising trademarks, copyrights, technology, and software.
23. The method of claim 22 wherein said at least one investor is intellectual property owner.

24. The method of claim 23 wherein said set of intellectual property owners includes distressed businesses.
25. The method of claim 24 wherein said set of intellectual property owners further includes individual inventors and corporations.
26. The method of claim 25 wherein said acquiring step includes the step of agreeing not to charge at least one intellectual property owner any costs associated with said step of performing activities to generate revenue.
27. The method of claim 26 wherein said set of intellectual property assets includes a right to license a particular intellectual property asset acquired from a particular intellectual property owner.
28. The method of claim 27 wherein said set of intellectual property assets further includes an exclusive right in a particular intellectual property asset acquired from a particular intellectual property owner.
29. The method of claim 28 wherein said set of intellectual property assets further includes a franchising right in a particular IP asset acquired from a particular intellectual property owner.
30. The method of claim 28 wherein said set of intellectual property assets includes an ownership right in a particular intellectual property asset acquired from a particular intellectual property owner.
31. The method of claim 29 wherein said step of acquiring said intellectual property assets includes the step of purchasing a particular intellectual property asset.
32. The method of claim 30 wherein said step of acquiring said intellectual property assets further includes the step of entering into a joint venture with at least one intellectual property owner to acquire a right to license at least one intellectual property asset of said intellectual property owner.
33. The method of claim 31 wherein said step of acquiring said intellectual property assets further includes the step of forming an alliance with at least one intellectual property owner to acquire a right to license at least one intellectual property asset of said intellectual property owner.



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**ABSTRACT**

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A system and method for generating revenue using intellectual property assets is provided. The intellectual property assets are acquired by a business entity from intellectual property owners using various methods including license, purchase, technology transfer, joint venture, alliance, and many others. The acquired intellectual property assets may include, but are not limited to, full ownership rights, partial ownership rights, licensing rights, and exclusive rights in intellectual property such as patents, trademarks, copyrights and technology. The acquired intellectual property provides the business entity with a valuable asset, and can be used by the business entity to generate revenue. In accordance with the principles of the present invention, in return for the rights acquired in particular IP from a particular IP Owner, the business entity will provide the particular IP Owner with a share of the revenue it generates from licenses, franchises, or other revenue-generating activities involving the particular IP, but without the particular IP Owner having to pay the business entity's costs associated with the activities. The business entity may seek funding from investors including intellectual property owners.

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Figure 1

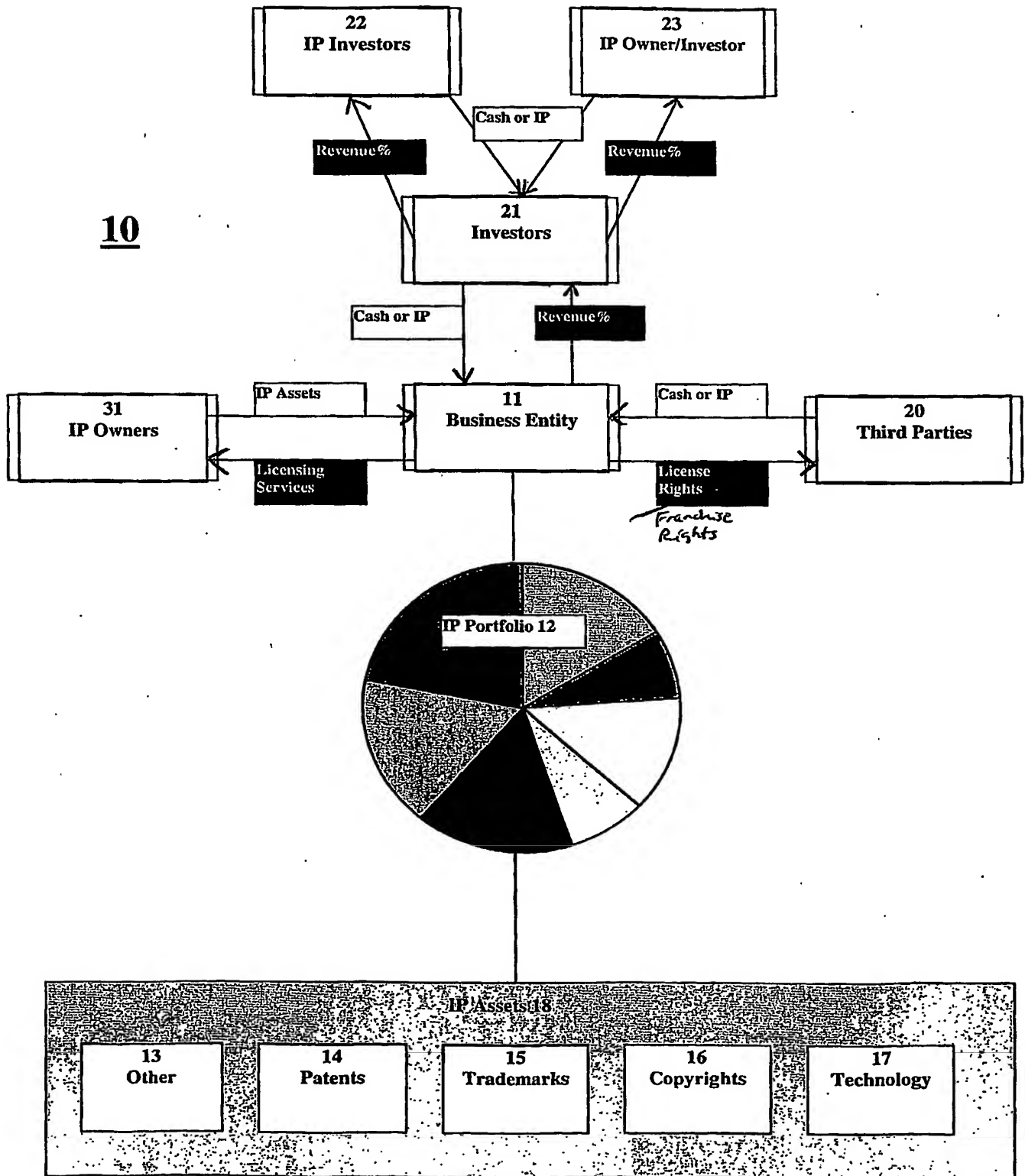
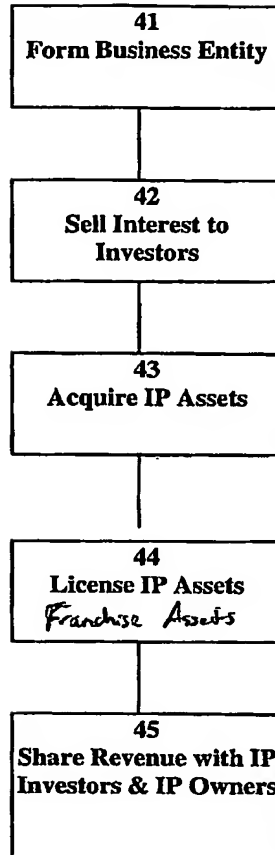


Figure 2



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